

ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development gives Notice of Intended Action to adopt Chapter 110, "Lean Manufacturing Institute Program," Chapter 111, "Supplier Capacity and Product Database Program," and Chapter 112, "Management Talent Recruitment Program," Iowa Administrative Code.

The new rules implement programs authorized by 2007 Iowa Acts, chapter 122, sections 7(1), 7(2), and 7(8). The rules describe the purpose of the programs; the application submittal, review, and approval procedures; and the contract administration provisions.

Public comments concerning the proposed rules will be accepted until 4:30 p.m. on August 8, 2008. Interested persons may submit written or oral comments by contacting: Mark Lorenzo, Biosciences Coordinator, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; telephone (515)242-4723.

A public hearing to receive comments about the proposed rules will be held from 10 to 11:30 a.m. on August 8, 2008, in the ICN/Main Conference Room, Second Floor, at the above address.

These amendments are intended to implement 2007 Iowa Acts, chapter 122, sections 7(1), 7(2) and 7(8).

The following amendments are proposed.

ITEM 1. Adopt the following new 261—Chapter 110:

CHAPTER 110

LEAN MANUFACTURING INSTITUTE PROGRAM

261—110.1(82GA,ch122) Authority. The authority for establishing rules governing the lean manufacturing institute initiative is 2007 Iowa Acts, chapter 122, section 7(1).

261—110.2(82GA,ch122) Purpose. The purpose of this program is to plan for the creation of a statewide lean manufacturing institute to provide training assistance to manufacturing companies. Targeted industries will be provided technical assistance to identify and adopt appropriate performance improvement programs.

261—110.3(82GA,ch122) Definitions.

"Board" means the Iowa department of economic development board established in Iowa Code section 15.103.

"Committee" means the technology commercialization committee authorized by Iowa Code section 15.116.

"Department" means the Iowa department of economic development.

"Lean manufacturing institute" means technical assistance focused on identifying holistic and sustainable manufacturing performance improvement programs providing a competitive advantage.

"Supply chain development" means strategic and operational activities implemented by manufacturers to effectively and efficiently meet the requirements of their existing customers and to identify possible new customers.

"Targeted industry" means the industries of advanced manufacturing, biosciences, and information technology.

261—110.4(82GA,ch122) Program funding.

110.4(1) Awards shall be made on a per-project basis upon board approval. The maximum award shall not exceed \$100,000 for a single project.

110.4(2) Funds shall be used for the development and delivery of performance improvement programs and for acquiring or developing learning materials. Funds shall not be used to purchase equipment.

110.4(3) Funds shall not be used for university overhead or indirect expenses or for any work that was conducted by the applicant or for any third-party consultant prior to the term of the contract.

110.4(4) Awards from the program shall be in the form of a grant.

261—110.5(82GA,ch122) Matching funds requirement. In order to receive financial assistance, an applicant must demonstrate the ability to secure one dollar of nonstate moneys for every one dollar received from the department.

261—110.6(82GA,ch122) Eligible applicants.

110.6(1) An eligible applicant must be a for-profit business located in Iowa and must demonstrate the commitment of more than one company from one or more of the following industries as classified by the North American Industry Classification System:

- Biosciences.
- Information technologies.
- Advanced manufacturing.

110.6(2) Applications from the Iowa manufacturing extension partnership (IMEP) on behalf of eligible for-profit businesses located in Iowa will be considered for funding.

261—110.7(82GA,ch122) Ineligible applicants.

110.7(1) A business which is engaged in retail sales or which provides health services is ineligible.

110.7(2) A business which closes or substantially reduces its workforce by more than 20 percent at existing operations in order to relocate substantially the same operation to another area of the state is ineligible for 36 consecutive months at any of its Iowa sites from the date the new establishment opens.

261—110.8(82GA,ch122) Application process.

110.8(1) An organization, institution of higher learning, individual or business must submit an application to the Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309, in a form provided by the department. Required forms and instructions are available at this address or may be printed from the department's Internet site at www.iowalifechanging.com.

110.8(2) The technology commercialization committee shall have the authority to evaluate each application and shall provide a suggested funding amount to the board for consideration.

110.8(3) An application for technical assistance under the program shall include any information required by the department including, but not limited to, all of the following:

- a. Proposed services for performance improvement programs, outreach, and technical assistance.
- b. A listing of the Iowa companies and executives committed to participating in the technical assistance services.
- c. A description of the scope of work.
- d. A description of the performance metrics.
- e. Resources and project budget.
- f. Project time line and milestones.

261—110.9(82GA,ch122) Application selection criteria. In reviewing applications for technical assistance, the committee shall consider the following criteria:

1. Experience in implementing successful performance improvement programs with Iowa manufacturing companies.
2. Experience in implementing successful supply chain development programs with Iowa manufacturing companies.

3. Formal linkages to resources available from national organizations providing performance improvement programs.
4. The number of Iowa original equipment manufacturers (OEMs) and suppliers involved in the application.
5. Established, existing data and experience preparing organized information regarding Iowa manufacturers' performance improvement programs.
6. The degree to which the performance improvement program could be sustained and replicated.
7. Potential impact on the manufacturing output of Iowa OEMs and suppliers.
8. Budget, financial matching, and total leverage.
9. Return on state investment.

261—110.10(82GA,ch122) Intellectual property. All intellectual property developed or used for the application must be made available to the department for future performance improvement efforts with Iowa manufacturers and suppliers. If the applicant does not own the intellectual property described in the application, the applicant must provide satisfactory evidence of its right to use or further develop the intellectual property.

261—110.11(82GA,ch122) Contract and reporting.

110.11(1) Notice of award. Successful applicants shall be notified in writing of an award of assistance, including any conditions and terms of the approval.

110.11(2) Contract required. The department shall prepare a contract which includes, but is not limited to, a description of the project to be completed by the business; conditions to disbursement; required reports; the repayment requirements imposed on the business in the event the business does not fulfill its obligations described in the contract; and other specific repayment provisions ("clawback" provisions) to be established on a project-by-project basis.

110.11(3) Reporting. An applicant shall submit any information requested by the department in sufficient detail to permit the department to prepare the report required pursuant to 2008 Iowa Acts, House File 2450, section 6(9) "l," and any other reports deemed necessary by the department, the board, the general assembly or the governor's office.

These rules are intended to implement 2007 Iowa Acts, chapter 122, section 7(1).

ITEM 2. Adopt the following new 261—Chapter 111:

CHAPTER 111
SUPPLIER CAPACITY AND PRODUCT DATABASE PROGRAM

261—111.1(82GA,ch122) Authority. The authority for establishing rules governing the manufacturing supply chain development program is 2007 Iowa Acts, chapter 122, section 7(2).

261—111.2(82GA,ch122) Purpose. The purpose of this program is for the Iowa department of economic development to collaborate with the department of workforce development to create a supplier capacity and product database. Targeted industries will be provided technical assistance for supply chain development through improved linkages to Iowa suppliers, the targeted industries' production capabilities and capacities, and technology commercialization services.

261—111.3(82GA,ch122) Definitions.

"Board" means the Iowa economic development board established in Iowa Code section 15.103.

"Committee" means the technology commercialization committee authorized by Iowa Code section 15.116.

"Department" means the Iowa department of economic development.

"Supplier capacity and product database" means organized information regarding manufacturers' production capabilities, capacities, and technology commercialization services.

“Supply chain” means a network of facilities that procure raw materials, transform them into intermediate goods and then final products, and deliver the products to customers through a distribution system.

“Supply chain development” means strategic and operational activities implemented by manufacturers to effectively and efficiently meet the requirements of their existing customers and to identify possible new customers.

“Targeted industry” means the industries of advanced manufacturing, biosciences, and information technology.

261—111.4(82GA,ch122) Program funding.

111.4(1) Awards shall be made on a per-project basis upon board approval. The maximum award shall not exceed \$100,000 for a single project.

111.4(2) Funds shall be used for the analysis of targeted industry clusters and the development and delivery of manufacturing supply chain development programs. Funds may be used for personnel, software, research data services, and training. Funds shall not be used to purchase equipment.

111.4(3) Funds shall not be used for university overhead or indirect expenses or for any work that was conducted by the applicant or any third-party consultant prior to the term of the contract.

111.4(4) Awards from the program shall be in the form of a grant.

261—111.5(82GA,ch122) Matching funds requirement. In order to receive financial assistance, an applicant must demonstrate the ability to secure one dollar of nonstate moneys for every one dollar received from the department. This requirement does not apply to collaborative projects between the Iowa department of economic development and the department of workforce development.

261—111.6(82GA,ch122) Eligible applicants.

111.6(1) An eligible applicant must be a for-profit business located in Iowa and must demonstrate the commitment of more than one company from one or more of the following industries as classified by the North American Industry Classification System:

- Biosciences.
- Information technologies.
- Advanced manufacturing.

111.6(2) Applications from the Iowa manufacturing extension partnership (IMEP) on behalf of eligible for-profit businesses located in Iowa will be considered for funding.

111.6(3) The department will establish discrete projects and collaborative projects with the department of workforce development, which do not require application, for supplier capacity and product database initiatives.

261—111.7(82GA,ch122) Ineligible applicants.

111.7(1) A business which is engaged in retail sales or which provides health services is ineligible.

111.7(2) A business which closes or substantially reduces its workforce by more than 20 percent at existing operations in order to relocate substantially the same operation to another area of the state is ineligible for 36 consecutive months at any of its Iowa sites from the date the new establishment opens.

261—111.8(82GA,ch122) Application process.

111.8(1) An organization, institution of higher learning, individual or business must submit an application to the Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309, in a form provided by the department. Required forms and instructions are available at this address or may be printed from the department’s Internet site at www.iowalifechanging.com.

111.8(2) The technology commercialization committee shall have the authority to evaluate each application and shall provide a suggested funding amount to the board for consideration.

111.8(3) An application for technical assistance under the program shall include any information required by the department including, but not limited to, all of the following:

- a. Proposed services for manufacturing supply chain development, organized information, or technical assistance.
- b. A listing of the Iowa companies and executives committed to participating in the technical assistance services.
- c. A description of the scope of work.
- d. A description of the performance metrics.
- e. Resources and project budget.
- f. Project time line and milestones.

261—111.9(82GA,ch122) Application selection criteria. In reviewing applications for technical assistance, the committee shall consider the following criteria:

- 1. Experience in implementing successful supply chain development programs with Iowa manufacturing companies.
- 2. Experience in implementing successful performance improvement programs with Iowa manufacturing companies.
- 3. Formal linkages to resources available from national organizations providing supply chain development programs.
- 4. Number of Iowa original equipment manufacturers (OEMs) and suppliers involved in the application.
- 5. Established, existing data and experience in preparing organized information (e.g., database, product flow, analysis, GIS tools, charts) regarding Iowa manufacturers' supply chain development programs.
- 6. Ability to create and analyze targeted industry cluster and subcluster data to generate strategic recommendations for economic development.
- 7. The degree to which the supply chain development program could be sustained and replicated.
- 8. Potential impact on the manufacturing output of Iowa OEMs and suppliers.
- 9. Budget, financial matching, and total leverage.
- 10. Return on state investment.

261—111.10(82GA,ch122) Intellectual property. All intellectual property developed or used for the application must be made available to the department for future supply chain development efforts with Iowa manufacturers and suppliers. If the applicant does not own the intellectual property described in the application, the applicant must provide satisfactory evidence of its right to use or further develop the intellectual property.

261—111.11(82GA,ch122) Contract and reporting.

111.11(1) Notice of award. Successful applicants shall be notified in writing of an award of assistance, including any conditions and terms of the approval.

111.11(2) Contract required. The department shall prepare a contract which includes, but is not limited to, a description of the project to be completed by the business; conditions to disbursement; required reports; the repayment requirements imposed on the business in the event the business does not fulfill its obligations described in the contract; and other specific repayment provisions ("clawback" provisions) to be established on a project-by-project basis.

111.11(3) Reporting. An applicant shall submit any information requested by the department in sufficient detail to permit the department to prepare the report required pursuant to 2008 Iowa Acts, House File 2450, section 6(9) "I," and any other reports deemed necessary by the department, the board, the general assembly or the governor's office.

These rules are intended to implement 2007 Iowa Acts, chapter 122, section 7(2).

ITEM 3. Adopt the following **new** 261—Chapter 112:

CHAPTER 112
MANAGEMENT TALENT RECRUITMENT PROGRAM

261—112.1(82GA,ch122) Authority. The authority for establishing rules governing the management talent recruitment program is 2007 Iowa Acts, chapter 122, section 7(8).

261—112.2(82GA,ch122) Purpose. The purpose of this program is to develop activities for the recruitment of out-of-state executive and operations management personnel. New or expanding targeted industries will be provided technical assistance to identify a network of potential human capital resources appropriate for the targeted industries' business life cycle.

261—112.3(82GA,ch122) Definitions.

"Board" means the Iowa economic development board established in Iowa Code section 15.103.

"Committee" means the technology commercialization committee authorized by Iowa Code section 15.116.

"Department" means the Iowa department of economic development.

"Early-stage company" means a company with three or fewer years of operating experience.

"Eligible applicant" means an early-stage company that is commercializing a new product or process and seeking new venture capital financing or equity investment.

"Management talent" means individuals experienced in executive and operations functions who are willing to provide management or technical decision-making skills, based on a business consulting model.

"Targeted industry" means the industries of advanced manufacturing, biosciences, and information technology.

261—112.4(82GA,ch122) Program funding.

112.4(1) Awards shall be made on a per-project basis upon board approval. The maximum award shall not exceed \$10,000 for a single project.

112.4(2) Funds shall be used for the identification of potential management talent, participation in human resource-business opportunity matching events, marketing materials, preparation of organized information (e.g., database, Internet applications, networks, talent profiles), and relocation expenses. Funds shall not be used for human resource recruitment, search, or placement service expenses or to purchase equipment.

112.4(3) Funds shall not be used for university overhead or indirect expenses or for any work that was conducted by the applicant or any third-party consultant prior to the term of the contract.

112.4(4) Awards from the program shall be in the form of a grant.

261—112.5(82GA,ch122) Matching funds requirement. In order to receive financial assistance, an applicant must demonstrate the ability to secure two dollars of nonstate moneys for every one dollar received from the department.

261—112.6(82GA,ch122) Eligible applicants.

112.6(1) An eligible applicant must be a for-profit business located in Iowa from one of the following industries as classified by the North American Industry Classification System:

- Biosciences.
- Information technologies.
- Advanced manufacturing.

112.6(2) Applications from venture capital companies (NAIC 523910) on behalf of an eligible for-profit business located in Iowa will be considered for funding.

112.6(3) The department will establish discrete projects and collaborative projects, which do not require application, for the identification and recruitment of executive and operations management talent benefitting Iowa targeted industry.

261—112.7(82GA,ch122) Ineligible applicants.

112.7(1) A business which is engaged in retail sales or which provides health services is ineligible.

112.7(2) A business which closes or substantially reduces its workforce by more than 20 percent at existing operations in order to relocate substantially the same operation to another area of the state is ineligible for 36 consecutive months at any of its Iowa sites from the date the new establishment opens.

261—112.8(82GA,ch122) Application process.

112.8(1) An individual or business must submit an application to the Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309, in a form provided by the department. Required forms and instructions are available at this address or may be printed from the department's Internet site at www.iowalifechanging.com.

112.8(2) The technology and commercialization committee shall have the authority to evaluate each application and shall provide a suggested funding amount to the board for consideration.

112.8(3) An application for technical assistance under the program shall include any information required by the department including, but not limited to, all of the following:

- a.* Proposed services for management talent recruitment, connectivity services, and technical assistance.
- b.* A listing of Iowa companies and executives committed to participating in the technical assistance services.
- c.* A description of the scope of work.
- d.* A description of the performance metrics.
- e.* Resources and project budget.
- f.* Project time line and milestones.

261—112.9(82GA,ch122) Application selection criteria. In reviewing applications for technical assistance, the committee shall consider the following criteria:

112.9(1) Experience in identifying and successfully recruiting management talent for Iowa targeted industries.

112.9(2) Formal linkages to associations and individual members of international organizations providing management talent recruitment.

112.9(3) Number of Iowa targeted industries involved in the application.

112.9(4) Established information, and methods for the identification, due diligence, profiling, and connectivity ability of management talent recruitment.

112.9(5) Strength of the business plan in the following areas:

- a.* Description of the company and the overall industry;
- b.* Product and production plan;
- c.* Market, competition, and the marketing strategy;
- d.* Executive or operations management; and
- e.* Financial information and business capitalization plan.

112.9(6) Management team, management expertise, and background (including education, training, work experience, and other factors) which will be provided to the business.

112.9(7) Budget, financial matching, and total leverage.

112.9(8) Return on state investment.

261—112.10(82GA,ch122) Intellectual property. All intellectual property developed or used for the application must be made available to the department for future management talent recruitment for Iowa targeted industries. If the applicant does not own the intellectual property described in the application, the applicant must provide satisfactory evidence of its right to use or further develop the intellectual property.

261—112.11(82GA,ch122) Contract and reporting.

112.11(1) *Notice of award.* Successful applicants shall be notified in writing of an award of assistance, including any conditions and terms of the approval.

112.11(2) *Contract required.* The department shall prepare a contract which includes, but is not limited to, a description of the project to be completed by the business; conditions to disbursement; required reports; the repayment requirements imposed on the business in the event the business does not fulfill its obligations described in the contract; and other specific repayment provisions (“clawback” provisions) to be established on a project-by-project basis.

112.11(3) *Reporting.* An applicant shall submit any information requested by the department in sufficient detail to permit the department to prepare the report required pursuant to 2008 Iowa Acts, House File 2450, section 6(9) “l,” and any other reports deemed necessary by the department, the board, the general assembly or the governor’s office.

These rules are intended to implement 2007 Iowa Acts, chapter 122, section 7(8).